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COUNSEL FOR CITY BANK, TEXAS

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

IN RE:	§	
	§	CASE NO. 12-40594-11
MEECHAM HOSPITALITY, LLC,	§	
	§	Chapter 11
	§	
DEBTOR.	§	

**OBJECTION OF CITY BANK TO DEBTOR'S
FIRST AMENDED PLAN OF REORGANIZATION DATED APRIL 30, 2012**

**TO THE HONORABLE RUSSELL F. NELMS,
UNITED STATES BANKRUPTCY JUDGE:**

City Bank, Texas ("City Bank") files this objection (the "Objection") to the *First Amended Plan of Reorganization Dated April 30, 2012* [Doc. No. 78] (the "Plan"), and would respectfully show the following:

I. JURISDICTION AND VENUE

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A)&(L). Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

II. BACKGROUND

2. The Debtor sought relief on or about February 2, 2012 (the “Petition Date”). As the Court is aware, the Debtor is owned primarily by two individuals—Mr. Dhillon and Dr. Soni. Jag Dhillon had acted as management for the Debtor and owns about 25% of the equity. According to Dr. Soni’s assertions, he lent the entity about \$1.7 million and, after litigation, became the party with authority to legally operate the entity and the other 50% owner.

3. City Bank holds a secured claim for at least \$12,497,847.56, as set forth in Proof of Claim Number 14, filed in this bankruptcy Case.

4. No hearing has been concluded on the Debtor’s disclosure statement related to the Plan. Pursuant to 11 U.S.C. § 1111(b)(2) and Bankruptcy Rule 1019, City Bank gave notice of its election on June 11, 2012.

5. City Bank has moved for relief from the automatic stay. *See* Doc. No. 95.

6. On April 30, 2012, the Debtor filed the Plan, proposing the following treatment of City Bank’s claim:

- (a) City Bank receives an allowed secured claim for \$8.2 million, which will be secured by a first lien on the hotel’s real and personal property; and
- (b) City Bank will be paid over 5 years at an interest rate which increases on an annual basis (4% for the first and second years, 5% for years three through five).

7. The Plan provides that Mr. Dhillon, one of the Debtor’s principals, will retain his equity, provided that he contributes \$75,000.00 in cash and agrees to continue providing hotel management services without taking the customary fee (around 3%). Over the life of the Plan, Mr. Dhillon believes such services will amount to a contribution of approximately \$600,000.00.

8. The economics of the Plan, as proposed, are:

- (c) Debtor writes down approximately \$5 million in debt;

- (d) Debtor operates the hotel for 5 years and pays interest of 4% and then 5% on a 30 year amortization;
- (e) The principal reduction over the life of the 5 year loan is minimal;
- (f) Debtor receives all of the upside of value of hotel increase;
- (g) The cash up front cost to the Debtor is only \$75,000.00.

In short, the Debtor, for the price of \$75,000.00 (less than 1% of the outstanding debt) takes all of the upside.

9. City Bank continues to confer with the Debtor in an effort to resolve its objections to the Plan. However, in the interest of preserving its rights in the event that the parties cannot resolve the current dispute, City Bank hereby files this objection and reserves all rights with respect to the Debtor, its Plan and City Bank's collateral.

III. OBJECTION

10. The Plan as proposed is not confirmable for a number of reasons, including without limitation the following:

- (a) The Plan does not comply with title 11;
- (b) The Plan is not proposed in good faith;
- (c) There is no impaired accepting class;
- (d) The Plan does not properly treat City Bank's secured claim;
- (e) The Plan is not feasible;
- (f) The Plan is not in the best interest of creditors; and
- (g) The Plan discriminates unfairly and is not fair and equitable such that it may be confirmed under section 1129(b) of the Bankruptcy Code.

IV. CONCLUSION AND PRAYER

WHEREFORE, City Bank respectfully requests an order: (a) denying confirmation of the Plan; (b) requiring the Debtor to amend the Plan and file a disclosure statement relating to such

amended plan; (c) schedule a hearing to consider approval of the Debtor's amended disclosure statement; and (d) providing such other and further relief to which it is justly entitled.

Dated: June 11, 2012

Respectfully submitted by,

/s/ Mark E. Andrews

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 11th day of May, 2012, a true and correct copy of the foregoing Objection was filed with the Court and served electronically upon those parties registered to receive electronic notice via the Court's CM/ECF system and upon those additional parties listed on the attached Service List by email and/or First Class United States Mail postage prepaid, unless otherwise noted.

/s/ Aaron M. Kaufman

Aaron M. Kaufman

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